

# Exhibit C

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE	)	
COMMISSION,	)	
Plaintiff,	)	CASE NO.
V.	)	17-CV-1789 (DLC)
LEK SECURITIES CORPORATION,	)	
SAMUEL LEK, VALI MANAGEMENT	)	
PARTNERS d/b/a AVALON FA LTD.,	)	
NATHAN FAYYER, and SERGEY	)	
PUSTELNIK,	)	
Defendants.	)	

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VIDEOTAPED DEPOSITION OF SERGEY PUSTELNIK

WEDNESDAY, MARCH 21, 2018

PAGES 398 - 728; VOLUME 2

BEHMKE REPORTING AND VIDEO SERVICES, INC.

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8 Videotaped deposition of SERGEY PUSTELNIK,  
9 VOLUME 2, taken on behalf of Plaintiff, at the  
10 Securities and Exchange Commission, 100 F Street,  
11 NW, Washington, DC, commencing at 9:44 A.M., on  
12 WEDNESDAY, MARCH 21, 2018, before Leslie Anne Todd,  
13 Court Reporter and Notary Public in and for the  
14 District of Columbia, pursuant to Notice.  
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1 liquidity in options on large order sizes.

2 So he thought that I -- excuse me, I  
3 don't know what Sam thought, but I know that Sam  
4 communicated to me that he did think the strategy  
5 was a good strategy.

6 And secondly, Sam Lek has commune- --  
7 communicated to me that not only did he feel --  
8 excuse me, that he could -- not feel. I don't  
9 think he used those words. I think that he  
10 thought that this strategy was completely  
11 compliant with any regulation, and it was a  
12 completely legitimate strategy.

13 And, moreover, while he was an  
14 experienced options trader and a former FINRA  
15 judge, he still said that he reached out to his  
16 attorneys, and that later he had shown me a  
17 letter, an opinion letter that he has received on  
18 it. And I'm not sure whether or not I can discuss  
19 what the substance of that letter was. But that  
20 letter made it extremely clear to me that not only  
21 has Sam Lek, who is the -- as the CEO and chief  
22 compliance officer and an experienced options  
23 trader who has run a primarily options trading  
24 broker/dealer for I think more than 10 or 20  
25 years, that he also reached out to very reputable

1 counsel to ensure that everything that he has  
2 thought in his experience was also correct.

3 And without getting to the details of  
4 that letter, because I'm not sure whether I can  
5 discuss that letter because it's an attorney  
6 communication, that letter made me very  
7 comfortable in that these kinds of trades  
8 cannot -- do not run afoul of any potential  
9 regulatory concerns.

10 BY MS. CHOE:

11 Q But in this memo you're saying you did  
12 your own independent analysis, and you came to  
13 form an opinion that the strategy was  
14 nonmanipulative, correct?

15 MR. DOLLAR: Objection.

16 THE WITNESS: I wrote that I was doing  
17 the independent analysis on my side -- and again,  
18 I don't remember the chronological order of when  
19 this -- when I wrote this versus when I read the  
20 letter, so I'm not sure which came first or  
21 second. However, I specifically wrote that I did  
22 some independent analysis, letting both Nicolas  
23 and Sam know that this is my independent analysis  
24 that is likely to be completely meaningless in  
25 terms of its weight as far as what I thought the

1 not -- not the content of what they told you.

2 A What --

3 MR. DOLLAR: Objection.

4 BY MS. CHOE:

5 Q Did anyone at Lek ever tell you about  
6 opinions that Lek received from its attorney, yes  
7 or no? Not -- not the content of what they told  
8 you, if they did. Just --

9 MR. BARENTZEN: Or "I don't know."

10 BY MS. CHOE:

11 Q -- whether they did.

12 MR. DOLLAR: Objection.

13 THE WITNESS: I'm not sure.

14 MS. CHOE: I'm going to just take one  
15 minute.

16 (Pause in the proceedings.)

17 BY MS. CHOE:

18 Q So sitting here today, you don't know  
19 anything about any opinions that Lek got from its  
20 outside counsel.

21 MR. DOLLAR: Same objections.

22 BY MS. CHOE:

23 Q Is that correct?

24 MR. DOLLAR: Same objections. Same --  
25 and same instruction.

1 THE WITNESS: No, that is not correct.  
2 I formed -- as I sit here today, I remember having  
3 formed a -- an opinion that Lek has -- has engaged  
4 with various law firms about the topics, and that  
5 it was my understanding based upon the events that  
6 have happened then to make a belief that such  
7 trading has been indeed looked at very thoroughly  
8 by Lek's attorneys. And that I also know that  
9 because the relationship between -- as far as I  
10 understand, between Lek and its attorneys for this  
11 matter has been an ongoing and very active  
12 relationship while under that -- while under  
13 counsel of these firms, Sam Lek has maintained his  
14 position that all of the trades were fine, and he  
15 was the final arbiter of whether to decide whether  
16 or not traders could trade or not.

17 Which means that if he has thought that  
18 the trading was in some way in violation of  
19 applicable rules and regulations, that he would  
20 stop the trading, and a part of that belief is  
21 based upon the fact that my compensation has been  
22 seriously decreased because of the expenses for  
23 such law firms have been taken out of my  
24 commission in very considerable sums.

25 BY MS. CHOE: